

MINUTES

REGULAR MEETING AUDIT COMMITTEE

December 17, 2012

Committee Members Present: Council Members Diane Hofstede and Barbara Johnson; Minneapolis Park & Recreation Board Representative Mark Oyaas; Citizen Member Stephanie Woodruff (Quorum 4)

Committee Members Absent: Council Member Betsy Hodges; Citizen Member Darrell Ellsworth

Chair Hofstede called the meeting to order at 9:08 a.m. in Room 317 City Hall, a quorum being present.

1. **Adopt Agenda.**
2. **Accept Minutes of the Regular Meeting of November 14, 2012.**

Hofstede moved adoption of the agenda and acceptance of the minutes.

Adopted upon a voice vote.

Absent - Hodges, Ellsworth.

Unfinished Business

3. **Risk Assessment & Two-Year Internal Audit Plan:
Accept plan and order published.**

Magdy Mossaad, Internal Auditor, summarized the City of Minneapolis Risk Assessment and Two-Year Internal Audit Plan, 2013-2014, with a PowerPoint presentation, noting that the presentation included a list of other important projects not included in the 2013 and 2014 Audit Plans due to lack of resources.

The Committee discussed/questioned:

- Moving the City-Wide Awareness/Education on Internal Controls, Enterprise Risk Management and Fraud Prevention to the Discretionary section of the plan.
- The ability to complete the proposed 2013 plan with the available resources.
- Reviewing the entire utility billing system rather than performing only a Storm Water Revenue Review.

Hofstede moved approval and publication of the Risk Assessment and Two-Year Internal Audit Plan, with the following amendments to the 2013 Audit Plan:

- a) Item 3, "Increase Awareness/Education on Internal Controls, Enterprise Risk Management, and Fraud Prevention" was moved to the "Discretionary Hours/Special Projects" section of the Plan; and
- b) Item 5, "Storm Water Revenue Review" was renamed "Water Billing Revenue Review" with the following changes:
 - Audit Objective: Assess the effectiveness and timeliness of water (tap and storm) collection and shut off and ensure an effective monitoring process exists.

- *Scope:* Revenue capturing system, accounts receivable, collection and monitoring process and general ledger in 2013.
- *Internal Audit Hours:* ~~250~~ 300

Adopted upon a voice vote.

Absent - Hodges, Ellsworth.

New Business

4. Results/Next Steps of Audit Workgroup.

Hofstede moved that the Internal Auditor be directed to:

- 1) Complete the necessary steps to conduct a City Council study session no later than the end of February, 2013.
- 2) Work with the City Attorney and Council Member Hofstede to prepare audit ordinance changes to present to the Audit Committee for consideration and recommendation to the City Council.
- 3) Develop procedures to assure a quarterly report to the Audit Committee highlighting the progress of the audits and management responses and plans to be presented in the first quarter of 2013.
- 4) Work with the City Coordinator and Council Member Hofstede to integrate the Internal Audit function more effectively into the enterprise:
 - a. Develop a plan to build enterprise risk awareness and management training;
 - b. Develop procedures to review the audit reports, prior to submission, to provide input to Internal Audit related to findings and recommendations;
 - c. Build internal awareness of the audit function and support among departments and management; and
 - d. Establish an internal escalation process whereby the City Coordinator arbitrates disputes between the Internal Auditor and management.

Adopted upon a voice vote.

Absent - Hodges, Ellsworth.

5. Preliminary Planning for 2014 Budget.

Hofstede moved that the Internal Auditor be directed to submit and present the proposed Audit Plan for 2014 to the Audit Committee at the March 2013 Audit Committee meeting for discussion.

Adopted upon a voice vote.

Absent - Hodges, Ellsworth.

Adjournment

The meeting was adjourned at 9:49 a.m.

Absent - Hodges, Ellsworth.

Submitted by: Peggy Menshek, Council Committee Coordinator/City Clerk's Office